FINAL
Examination Paper

(COVER PAGE)

Session : May 2008

Programme : Master of Business Administration
             M. A. in Management Studies, University of Hertfordshire

Course : MGT6205: Marketing Management

Date of Examination : August 24, 2008

Time : 9.00 am – 12.00 noon       Reading Time : Nil

Duration : 3 Hours

Special Instructions :

This paper consists of TWO (2) sections. Answer ALL questions from SECTION A and any TWO (2) questions from SECTION B in the answer booklet provided.

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : Cheah Sin Chye

Moderator : University of Hertfordshire

This paper consists of 4 printed pages, including the cover page.
INTI INTERNATIONAL UNIVERSITY COLLEGE
MASTER OF BUSINESS ADMINISTRATION
M.A. IN MANAGEMENT STUDIES, UNIVERSITY OF HERTFORDSHIRE
MGT6205: MARKETING MANAGEMENT
FINAL EXAMINATION: MAY 2008 SESSION

This paper consists of TWO (2) sections. Answer ALL questions from SECTION A and any TWO (2) questions from SECTION B in the answer booklet provided. All questions carry equal marks.

SECTION A: Answer ALL compulsory questions.

Pizza is fun food that can also be nutritious if topped with the right ingredients. Consumers have a variety of ways they can obtain this tasty meal; they can make their own pizza favorites from scratch, buy boxed pizza mixes to prepare at home or buy frozen pizza to have on hand for a present or future meal or snack. These pizzas are microwavable which also cuts down preparation time. Consumers can also buy hot, prepared pizza from supermarkets or family restaurants where pizza is a supplement to other foods or products.

The largest segment of the pizza market involves the purchase of hot, prepared pizza which consumers either eat at the pizzeria or take home. One estimate suggests that pizzeria pizza sales are ten times larger than frozen pizza sales. There are over 60,000 pizzerias in the United States. As shown in Exhibit 1, the three largest pizza chains are Pizza Hut, Domino’s, and Little Caesars.

Exhibit 1
1992 U.S. Pizza Market Shares

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>SALES ($)</th>
<th>MARKET SHARE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pizza Hut</td>
<td>4.45 billion</td>
<td>27.8</td>
</tr>
<tr>
<td>Domino’s</td>
<td>2.36 billion</td>
<td>14.8</td>
</tr>
<tr>
<td>Little Caesars</td>
<td>2.16 billion</td>
<td>13.5</td>
</tr>
<tr>
<td>Chuck E. Cheese’s</td>
<td>343.6 million</td>
<td>2.2</td>
</tr>
<tr>
<td>Round Table</td>
<td>315.0 million</td>
<td>2.0</td>
</tr>
<tr>
<td>Sbarro</td>
<td>300.6 million</td>
<td>1.9</td>
</tr>
<tr>
<td>Godfather’s</td>
<td>242.0 million</td>
<td>1.5</td>
</tr>
<tr>
<td>Pizza Inn</td>
<td>193.0 million</td>
<td>1.2</td>
</tr>
<tr>
<td>All others (includes regional chains and local restaurants)</td>
<td>5.64 billion</td>
<td>35.0</td>
</tr>
</tbody>
</table>

Pepsi Co-owned Pizza Hut has the largest sales of any pizzeria chain; $4.45 billion and a market share of 27.8 percent in 1992. A competitive advantage for Pizza Hut is that it offers sit-down dining with a reasonably pleasant atmosphere and a good salad bar. It is more of a family restaurant—a place to eat and chat—than other national pizza chains. It also features a variety of menu items for diners not interested in pizza; important when one in a group who doesn’t want pizza could lead the others to a different type of restaurant altogether.

Little Caesars' second largest competitor is Domino's, whose sales in 1992 were $2.36 billion with a market share of 14.8 percent and over 5,000 outlets. The company made millions of
dollars in the 1980s when it was the only national pizzeria company that delivered fresh, hot pizza to a buyer's home or office guaranteed to arrive within thirty minutes of an order. While this guarantee helped build Domino's sales, there has been some backlash since delivery drivers may drive too fast or recklessly in order to make the half-hour deadline.

Although it is the third largest company with sales of $2.16 billion in 1992 and a market share of 13.8 percent, Little Caesars has been taking market share from the other competitors. The chain consists of 4,500 restaurants. Its competitive advantage is that it provides larger quantities of pizza at lower prices and has well-located, convenient pick-up counters. Little Caesars is famous for offering two pizzas for the price of one on a regular basis.

The success of Little Caesars has not gone unnoticed by its competitors. In fact, a senior vice-president for Domino's commented that "In the past the decision making was based on what Domino's was doing with free delivery. Now, decision making is based on what Little Caesars is doing with inexpensive pizza."

Some of the competitive advantages of these firms have already been diluted. For example, all three now offer free delivery which mitigates Domino's delivery advantage. All three now offer special huge pizzas at reduced prices. For example, backed by a $1 million advertising campaign, Pizza Hut introduced the "Big Foot" a two feet by one foot 21-slice pizza selling for $9 to $11. However, this pizza is only available as a carryout item and could be 15 to 20 percent less profitable than other pizzas. Domino's brought out the "Dominator" for $8.99 to $11.99 (price varies depending on location) which offers 30 slices of pizza (2 by 2 1/2 feet) with one topping. Little Caesars, several months before, began offering the Big Big Cheese pizza, which for $8.88 offers 24 slices of a thick pan cheese pizza.

Competitors are also trying a number of new menu items. Pizza Hut is offering more varieties of pizza and testing items such as chicken platters. Domino's has added salad, submarine sandwiches, and breadsticks. Little Caesars may launch pasta dishes such as lasagna to bolster its menu.

This case was prepared by J. Paul Peter, University of Wisconsin-Madison. Source: Based on Gary Straus, "Pizza Makers Spice Up War with Value," "USA Today, May 26, 1993, pp. 1B; Julia Products, "Little Caesars Sets Tone in Pizza War," "Wisconsin State Journal, May 1993, p. 7C.

1. You were engaged by the following companies to be their marketing consultant. Discuss the strategies that you will advise them to use so as to remain competitive.

   (a) Pizza Hut as the market leader in the fast food industry. (12 marks)

   (b) Little Caesar as a challenger in the fast food industry. (13 marks)

2. As the consultant for Little Caesar, you are asked to develop a marketing communication plan to create brand awareness and to promote product trial and adoption. Suggest marketing communication tools that the company should use and provide the rationales for your suggestions. (25 marks)
SECTION B: Answer any TWO (2) questions.

Question 1

(a) As the marketing executive for Vroom, a motorcycle producer, develop TWO (2) new segments for the company using all four bases of segmentation. (10 marks)

(b) Suggest marketing mix strategies for any one of the segments you developed. (15 marks)

Question 2

(a) Describe the strategies that an organisation can use based on the stage of the Product Life Cycle (PLC) their product is in. (15 marks)

(b) Critically evaluate the usefulness of the PLC to determine the strategies an organisation can undertake. (10 marks)

Question 3

As the principal of a private education institution, you are required to use the Ansoff’s Product-Market Expansion grid to review the opportunities for improving the existing business. (25 marks)

Question 4

As the marketing manager of BookWorm, a bookstore, your immediate superior had given you the following tasks:

(a) Decide whether more funds should be used for consumer sales promotion or on advertising. (13 marks)

(b) Suggest SIX (6) sales promotion tools that the company can carry out. For each sales promotion tool that you suggest, provide a critical analysis of its effectiveness. (12 marks)

- THE END -

MGT6205 / May 2008 / Cheah Sin Chye / 04.05.2008